

AMENDED IN SENATE APRIL 23, 2013

AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 448**

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**Introduced by Senator Leno**

February 21, 2013

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An act to add Section ~~25367~~ 25356.5 to the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 448, as amended, Leno. Energy: petroleum supply and pricing.

Existing law establishes the State Energy Resources Conservation and Development Commission in the Natural Resources Agency, and specifies the powers and duties of the commission with respect to energy resources in the state. Under existing law, various provisions regulate petroleum supply and pricing. Existing law requires the commission to obtain and analyze monthly production reports prepared by the State Oil and Gas Supervisor under a specific provision. Existing law authorizes the State Lands Commission to enter into oil and gas leases for the extraction and removal of oil and gas deposits on state lands. Existing law requires the leases to include a royalty provision.

This bill would *require the State Energy Resources Conservation and Development Commission*, upon appropriation by the Legislature from moneys generated by the collection of royalty payments from the oil and gas leases, ~~establish the Office of Price Investigation and Manipulation Prevention in the State Energy Resources Conservation and Development Commission and would require the office to identify~~ *fuel motor vehicle fuel* price manipulation, establish a methodology to determine whether *motor vehicle* fuel price manipulation is occurring, and analyze data and investigate for suspected *motor vehicle* fuel price

manipulation. The bill would require the ~~office~~ *commission*, in consultation with the State Air Resources Board and other relevant state agencies, to prepare and submit to the Legislature a report on further legislative recommendations to limit the amount of price volatility and comparative price increase in the California ~~transportation~~ *motor vehicle* fuel market.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 25367 is added to the Public Resources~~  
2     ~~Code, to read:~~  
3     ~~25367. (a) The Office of Price Investigation and Manipulation~~  
4     ~~Prevention is hereby established in the commission.~~  
5     ~~(b) The office shall do all of the following:~~  
6     ~~SECTION 1. Section 25356.5 is added to the Public Resources~~  
7     ~~Code, to read:~~  
8     ~~25356.5. (a) In addition to the requirements of section 25356,~~  
9     ~~the commission~~  
10    (1) Establish a definition for ~~transportation~~ *motor vehicle* fuel  
11    market manipulation.  
12    (2) Identify data necessary to determine whether *motor vehicle*  
13    fuel pricing manipulation is occurring that includes all of the  
14    following:  
15    (A) Individual *motor vehicle* fuel producer data, including all  
16    of the following:  
17    (i) Production or throughput data.  
18    (ii) Emission data or operational data.  
19    (iii) Sales volumes.  
20    (iv) Price.  
21    (B) Marketwide pricing data.  
22    (3) Establish an analytical methodology necessary to evaluate  
23    whether *motor vehicle* fuel price manipulation is occurring that  
24    includes both of the following:  
25    (A) Producer level analysis.  
26    (B) Marketwide analysis, comparing real time prices to expected  
27    prices based on modeling output.  
28    (4) Analyze the data and investigate for suspected *motor vehicle*  
29    fuel price manipulation using both of the following:

1 (A) Producer level analysis.

2 (B) Marketwide analysis.

3 (e)

4 (b) ~~The office commission~~, in consultation with the State Air  
5 Resources Board and other relevant state agencies, shall ~~prepare~~  
6 ~~and submit to the Legislature, pursuant to Section 9795 of the~~  
7 ~~Government Code~~, *include in the biennial assessment specified in*  
8 *subdivision (b) of Section 25358* a report on further legislative  
9 recommendations to limit the amount of price volatility and  
10 comparative price increase in the California ~~transportation motor~~  
11 *vehicle* fuel market. The report shall include an evaluation of  
12 strategies doing all of the following:

13 ~~(1) Increasing fuel diversification.~~

14 ~~(2) Reducing overall demand of gasoline and diesel.~~

15 ~~(3)~~

16 *(1) Increasing motor vehicle fuel storage.*

17 ~~(4)~~

18 *(2) Leveraging the state's purchasing power related to the state's*  
19 *fleet.*

20 ~~(5)~~

21 *(3) Increasing timely imports of motor vehicle fuels during price*  
22 *swings.*

23 ~~(d) Upon~~

24 *(c) The commission shall implement this section upon*  
25 *appropriation by the Legislature from of moneys generated by the*  
26 *collection of royalty payments from oil and gas leases entered into*  
27 *pursuant to Article 2 (commencing with Section 6826) of Chapter*  
28 *3 of Part 2 of Division 6, the commission shall implement this*  
29 *section. 6.*